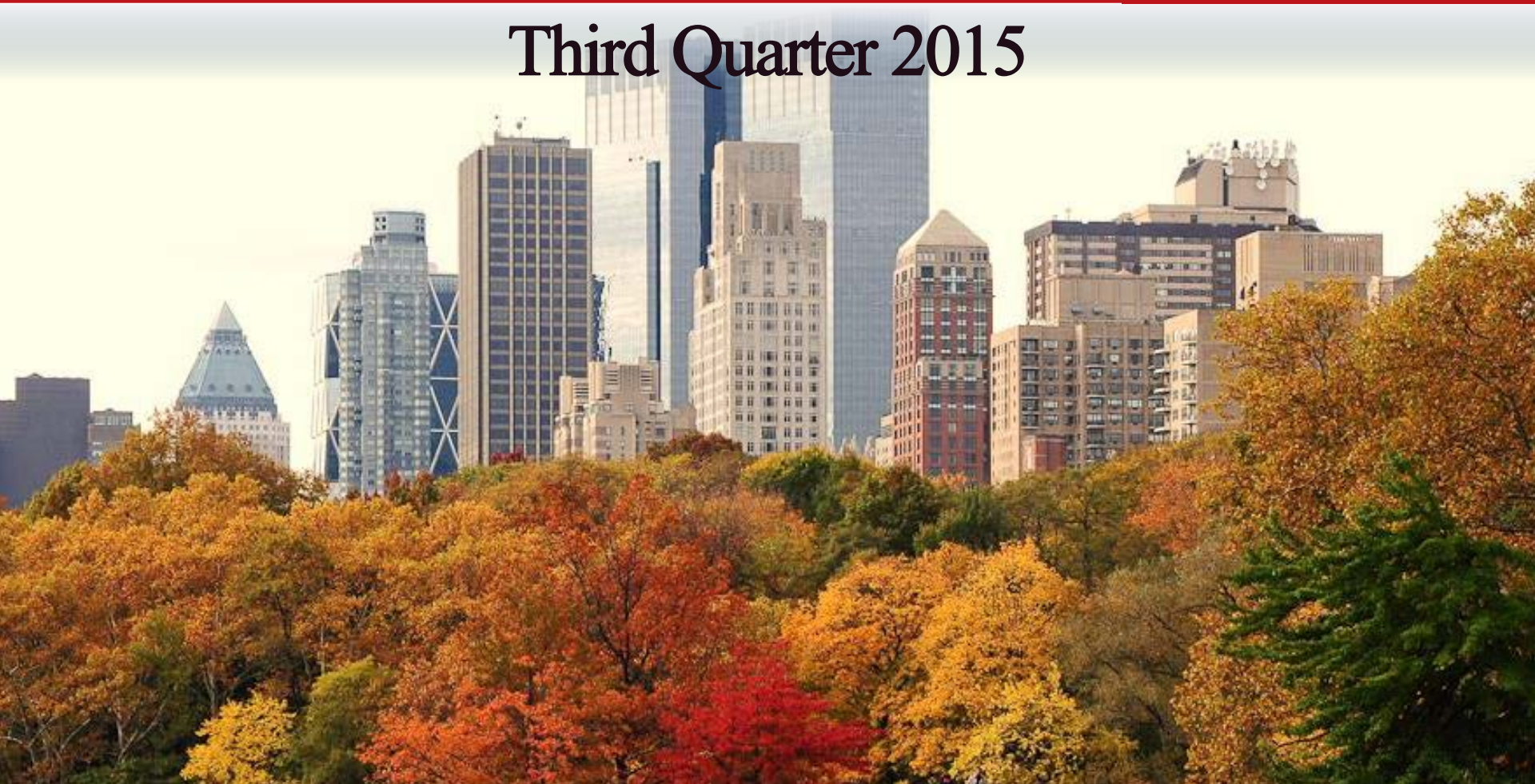




New York Capital Markets Group Market Overview

New York Quarterly
Snapshot

Third Quarter 2015



Market Snapshot

- Manhattan Capital Markets
- Manhattan Leasing Market

Overview

- **Most Active Year in History:** Through Q315 there have been 430 transactions closed totaling \$42.5 Billion. The previous record deal volume was in 2007 when the NYC market saw 346 deals for a total of \$48.5 Billion. With an additional \$6.2 Billion of deals already under contract, 2015 is poised to break the historical sales record.
- **Portfolio Transactions Drive Activity:** Several large portfolio transactions have driven volume in 2015. The Blackstone Group acquired a partial interest in five assets from RXR Realty totaling \$2.2 billion and a nearly \$630 million portfolio of multifamily assets was sold by Bettina Equities. There were several other large multifamily portfolio transactions in the East Village and Upper Manhattan. Norges is under contract with Trinity Church for a partial interest in nine assets totaling more than \$1 billion.
- **Megadeals Make a Comeback:** The top five transactions by dollar volume accounted for 20% of all closed activity year-to-date.
- **Long Term Investment Horizon = Cap Rate Compression:** Investment in trophy product has become more dominated by institutional capital, both foreign and domestic, with longer term investment horizons. As a result, there is less sensitivity to going-in yield and greater focus on long-term capital appreciation. Further, as trophy assets continue to trade to long-term holders, fewer opportunities will exist in the near-term to acquire Class-A assets.
- **Low Interest Rate Environment:** The Federal Reserve continued its near-zero interest rate policy at the September meeting. Even with a possible modest increase by year-end, the low interest rate environment will continue well into 2016.
- **Continued Supply/Demand Imbalance:** Despite turbulence in the domestic markets and economic turmoil in Asia and Europe, there remains a marked supply/demand imbalance for pent up capital seeking assets in NYC. The slowdown in China will likely serve to push additional capital into the market as the flight-to-safety continues.

YTD Closed Manhattan Investment Sales Activity

The following details a summary of the year-to-date closed investment sales activity in Manhattan:

Product Type	# of Deals	% of Deals	Total Size		Total Dollars	% of Dollars	Avg Deal Size	Avg / SF or Unit or Key
			Square Feet	Units/Keys				
Multifamily	182	42%	8,977,066	10,211	\$6,851,049,219	16%	\$37,643,128	\$712 / \$670,948
Land	102	23%	8,602,596		\$5,373,510,193	13%	\$52,681,472	\$707
Office	68	16%	27,488,661		\$19,615,691,705	46%	\$284,285,387	\$918
Retail	54	12%	1,032,503		\$4,271,212,708	10%	\$77,658,413	\$4,137
Hotel	14	3%		5,970	\$5,093,192,000	12%	\$363,799,428	\$853,131
Other	17	4%			\$1,252,405,000	3%		
TOTAL	437	100%	46,100,826	16,181	\$42,457,060,825	100%	\$97,155,745	
Under Contract	33				\$6,230,159,007			
Closed & Under Contract	470				\$48,687,219,832			

YTD 2015 Manhattan MF Investment Sales Activity

By Submarket

	Midtown	Midtown South	Downtown	Uptown	Total
Total # of Deals	65	64	4	49	182
Total Units	3,673	3,015	814	2,709	10,211
Total Dollar Volume	\$3,197,477,187	\$2,067,210,229	\$711,907,184	\$874,454,619	\$6,851,049,219
Avg Price Per Unit	\$870,536	\$685,642	\$874,579	\$322,796	\$670,948
Total Square Feet Sold	3,250,579	2,281,941	884,332	2,560,214	8,977,066
Avg Deal Size	\$49,191,957	\$32,300,160	\$177,976,796	\$17,846,013	\$37,643,128
Avg Price PSF	\$861	\$871	\$804	\$350	\$714

YTD 2015 Manhattan Office Investment Sales Activity

By Submarket

	Midtown Class A	Midtown Class B	Midtown South	Downtown	Total
Total # of Deals	13	27	22	6	68
Total Sq Ft	9,423,696	6,231,277	8,509,002	3,324,686	27,488,661
Total Dollar Volume	\$8,014,375,432	\$3,692,726,919	\$6,140,003,056	\$1,768,586,298	\$19,615,691,705
Avg Price PSF*	\$1,164	\$767	\$948	\$532	\$918
Avg Deal Size	\$616,490,418	\$136,767,664	\$279,091,048	\$294,764,383	\$288,466,054

YTD 2015 Manhattan Land/Redevelopment Investment Sales Activity

By Submarket

	Midtown*	Midtown South	Downtown	Uptown	Total
Total # of Deals	35	48	15	4	102
Total Sq Ft	3,471,690	3,432,386	1,538,618	159,902	8,602,596
Total Dollar Volume	\$1,746,520,412	\$2,769,930,420	\$792,295,111	\$64,764,250	\$5,373,510,193
Avg Price PSF*	\$710	\$807	\$515	\$405	\$707
Avg Deal Size	\$49,900,583	\$57,706,884	\$52,819,674	\$16,191,063	\$52,681,472

YTD 2015 Manhattan Retail Investment Sales Activity

By Submarket

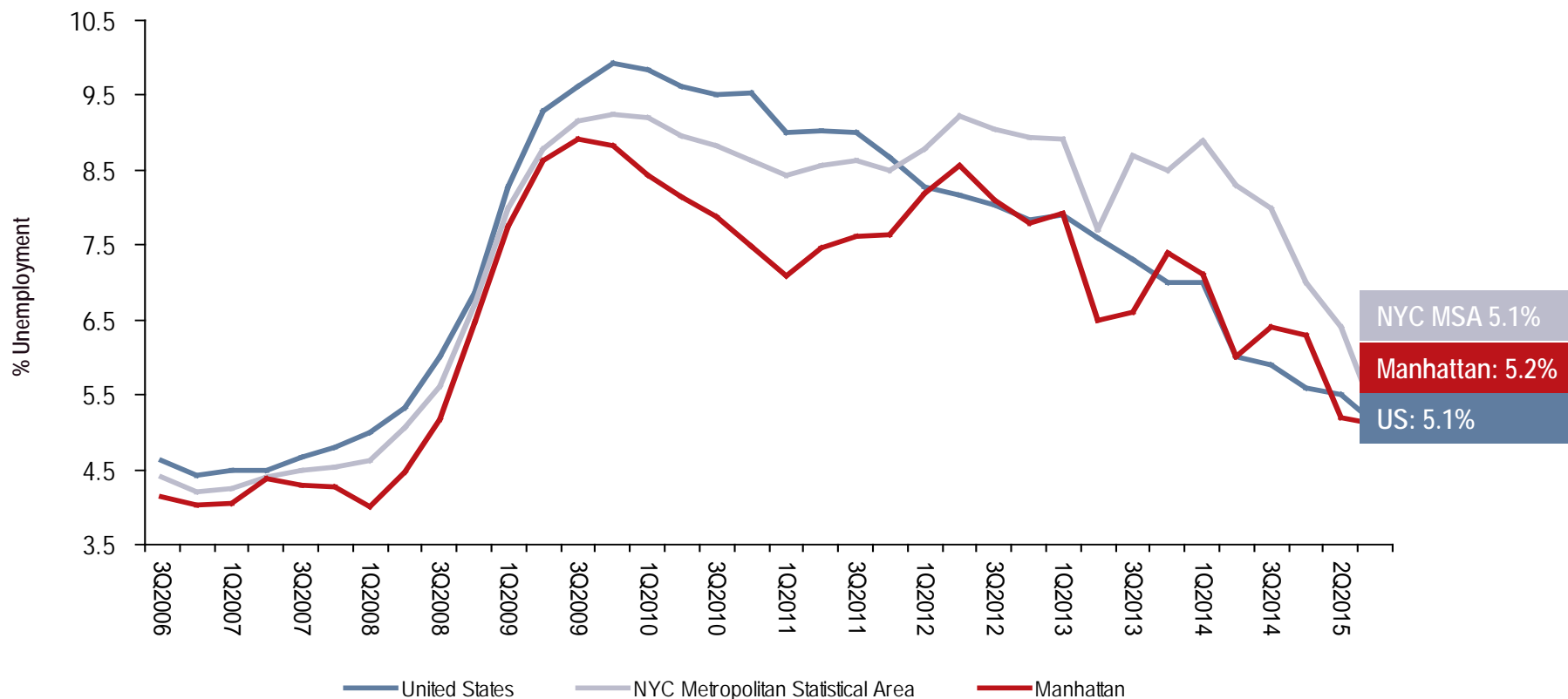
	Midtown*	Midtown South	Downtown	Uptown	Total
Total # of Deals	20	29	5	1	55
Total Sq Ft	504,306	436,819	76,124	15,254	1,032,503
Total Dollar Volume	\$2,509,994,564	\$1,628,604,455	\$120,113,689	\$12,500,000	\$4,271,212,708
Avg Price PSF*	\$4,977	\$3,728	\$1,578	\$819	\$4,137
Avg Deal Size	\$125,499,728	\$56,158,774	\$24,022,738	\$12,500,000	\$77,658,413

YTD 2015 Manhattan Hotel Investment Sales

By Submarket

	Midtown	Downtown	Midtown South	Total
Total # of Deals	8	1	5	14
Total Sq Ft	4,926	228	816	5,970
Total Dollar Volume	\$4,295,682,000	\$150,000,000	\$647,500,000	\$5,093,192,000
Avg Price PSF*	\$872,045	\$657,895	\$793,505	\$853,131
Avg Deal Size	\$536,961,500	\$150,000,000	\$129,500,000	\$363,799,429

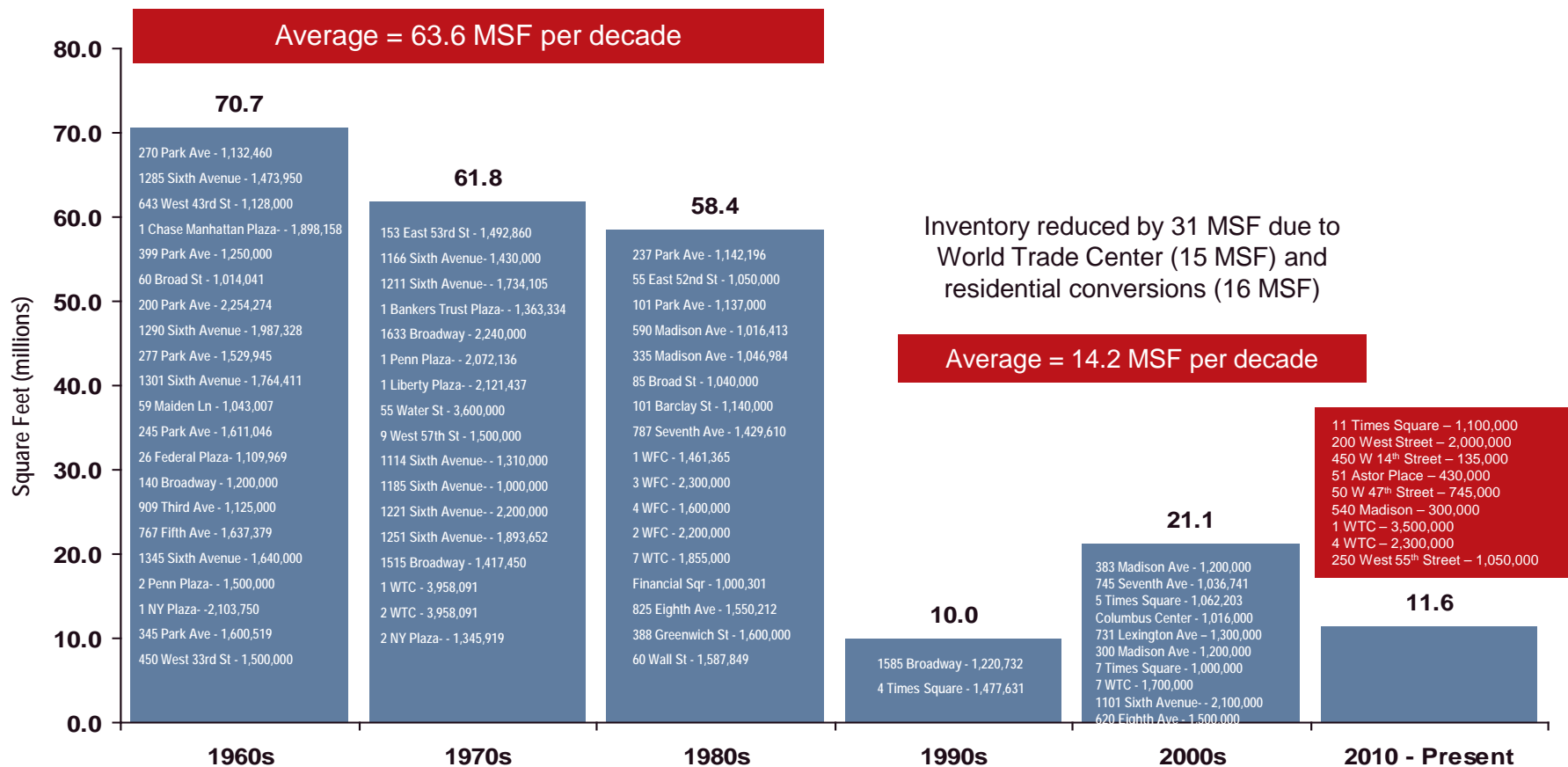
Unemployment Rate – US/ NYC MSA/ Manhattan



The September employment report registered an addition of 142,000 jobs, which was far below the expected 203,000. Though there continues to be healthy job creation, the Fed chose to hold interest rates at near zero percent at the last meeting.

New York Market Perspective

New Office Building Construction by Decade



**Net addition to supply over past 3 decades (1990's + 2000 + 2010-Present) = 3.9 MSF per decade.
Long term, new development will deliver product to Downtown and the Far West Side.**

Manhattan Development

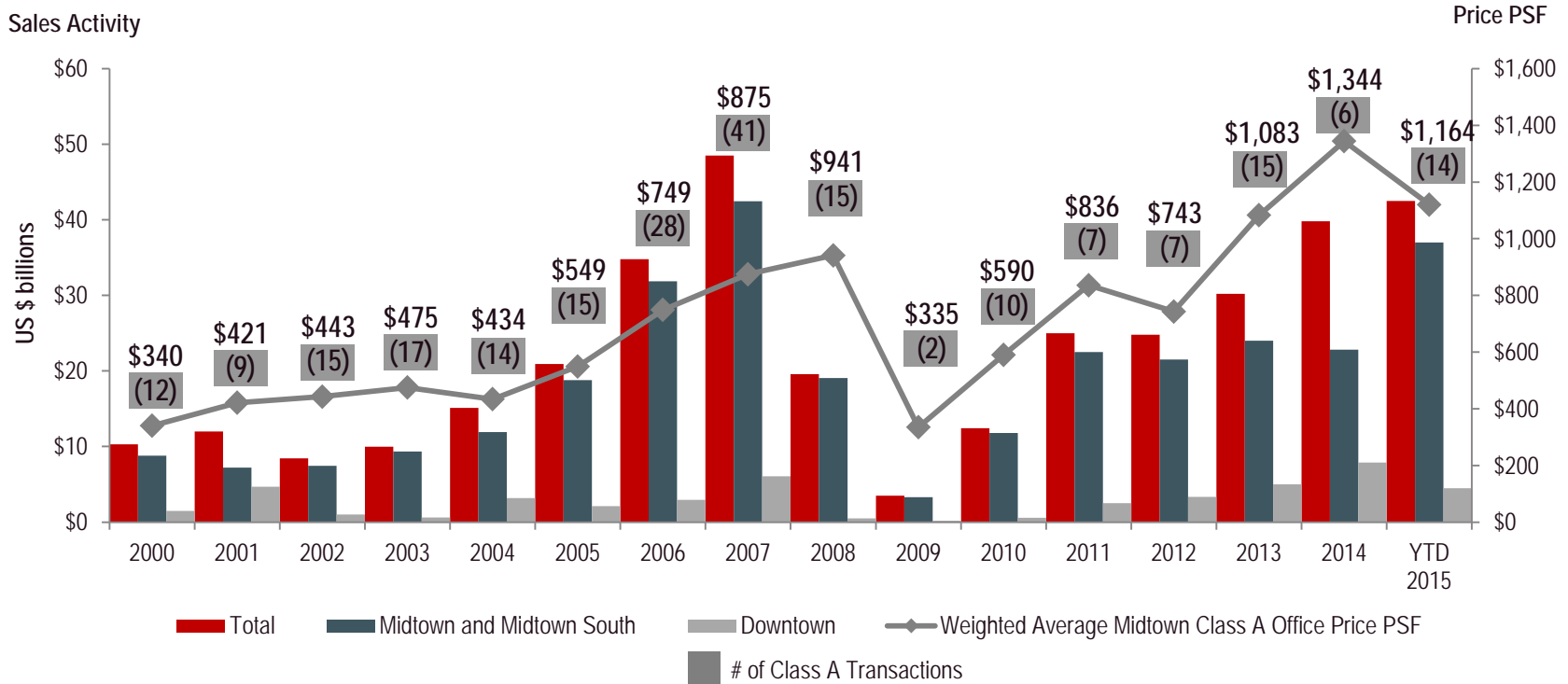


Manhattan Development

Other tenants considering Hudson Yards:
 Wells Fargo (400K) McKool Smith (90K)
 ICBC (150K) OakTree Capital (60K)
 Two Sigma (100K)

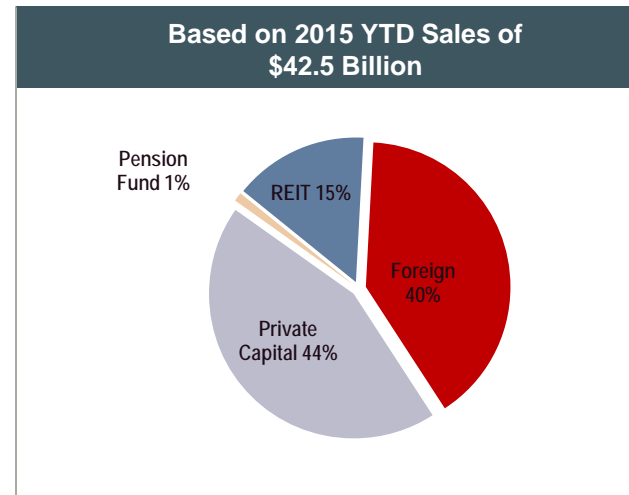
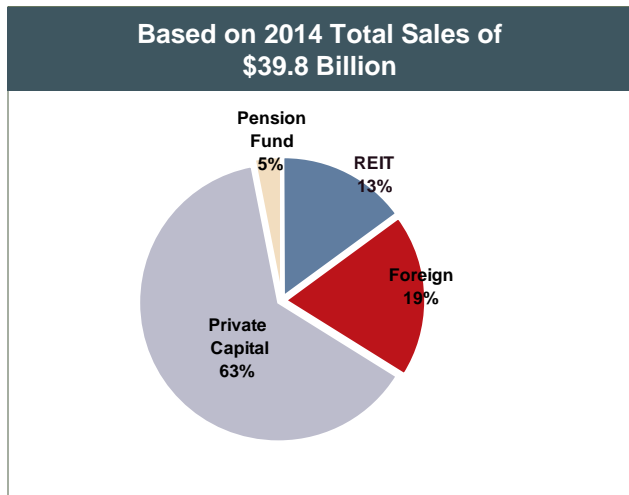
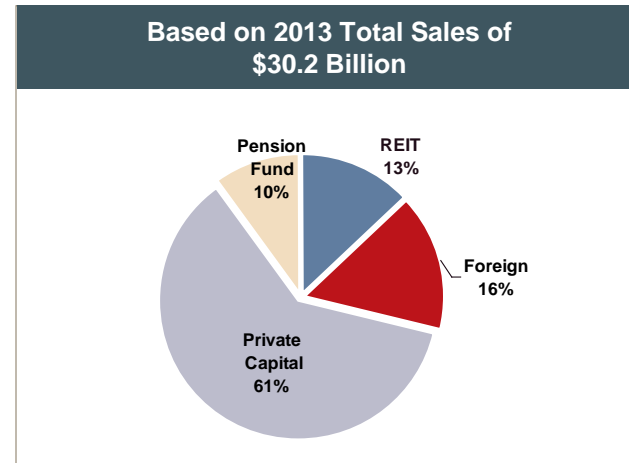
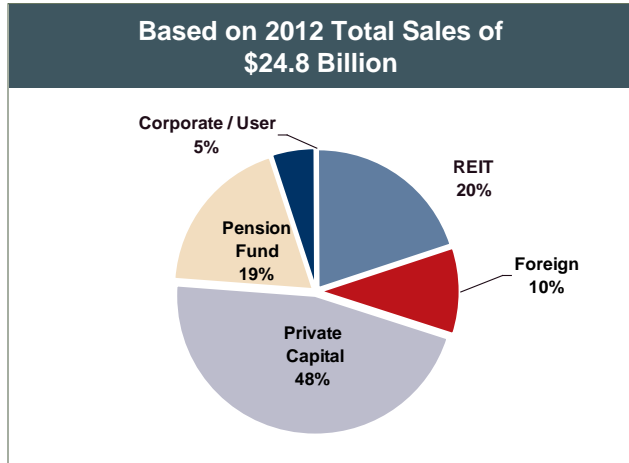
① 2015	7 Bryant Park Hines 473K s.f.	Floorplate: 15-25K <i>Under construction</i> Bank of China (288K)	⑧ 2016	855 Avenue of the Americas Durst Organization 204K s.f.	Floorplate: 10-48K <i>Under construction</i> Nike (148K)	⑮ 2018	1 Manhattan West Brookfield Office 2.1M s.f.	Floorplate: 30-35K <i>Under construction</i> Skadden (535K), Fried Frank	⑳ 2021	1 Vanderbilt SL Green 1.5M s.f.	Floorplate: TBD <i>Planned</i> TD Bank (200K)
② 2015	860 Washington Street Romanoff Equities 114K s.f.	Floorplate: 13K <i>Under construction</i>	⑨ 2016	10 Hudson Yards Related Companies 1.7M s.f. Floorplate: 30-45K	<i>Under construction</i> Coach (738K), L'Oreal (402K), SAP (115K), BCG (250K), VaynerMedia (90K)	⑯ 2018 +	30 Hudson Yards Related Companies 2.6M s.f. Floorplate: TBD	<i>Construction begins 2015</i> KKR (300K), Time Warner (1M), Oxford (80K), Related (72K)	㉓ TBD	555 West 34th St. Moinian Group 1.8M s.f.	Floorplate: 35-48K <i>Proposed</i>
③ 2015	75 Rockefeller Pl. RXR Realty 623K s.f.	Floorplate: 14-30K <i>Under renovation</i> BoA ML (311K)	⑩ 2017	510 West 22nd St. Vornado Realty/ Albanese Organization	163K s.f. <i>Under Construction</i>	⑰ 2018 +	425 Park Avenue L&L Holding 650K s.f.	Floorplate: TBD <i>Under renovation</i> Citadel (100K)	㉔ TBD	75 Ninth Avenue Jamestown 300K s.f.	Floorplate: 144K <i>Planned expansion</i>
④ 2015	430 West 15th Street Atlas Capital Group 99K s.f.	Floorplate: 12K <i>Under construction</i> Palantir Tech. (99K)	⑪ 2017	61 Ninth Avenue (400 West 15th St.) Vornado Realty Trust/Aurora 158K s.f.	Floorplate: 13-20K <i>Under construction</i>	⑱ 2019	50 Hudson Yards Related Companies 2.3M s.f.	Floorplate: TBD <i>Planned</i>	㉕ TBD	300 Lafayette St. LargaVisia 83K s.f.	Floorplate: TBD <i>Proposed</i>
⑤ 2015	125 West 25th Street Normandy/ Waterbridge Capital 138K s.f.	Floorplate: 11K <i>Under construction</i>	⑫ 2017	Pier 57 (SuperPier) RXR/Youngwoo 300K s.f.	Floorplate: TBD <i>Under renovation</i> Google (250K)	⑲ 2019	435-449 Tenth Ave. Tishman Speyer 2.6M s.f.	Floorplate: 30-40K <i>Proposed</i>	㉖ TBD	511 West 35th St. Spitzer Enterprises 1.1M s.f.	Floorplate: 30-40K <i>Potential</i>
⑥ 2015	One SoHo Square Imperium Capital/Stellar Management 700K s.f.	Floorplate: 26-33K <i>Under construction</i> Warby Parker (54K)	⑬ 2018	55 Hudson Yards Related Companies 1.5M s.f.	Floorplate: 28-40K <i>Under construction</i> Boies, Schiller & Flexner (83K), MLB.com (225K)	㉑ 2020	2 WTC Silverstein 3.1M s.f.	Floorplate: 41-65K <i>Planned 20th Century</i> Fox/News Corp. (1.2M)	㉗ TBD	20 Times Square Vornado Realty Trust & Port Authority of NY & NJ	1.6M s.f. <i>Potential</i>
⑦ 2016	390 Madison Avenue L&L Holding 858K s.f.	Floorplate: 19-47K <i>Under renovation</i> BCG (300K)	⑭ 2018	3 WTC Silverstein 2.9M s.f.	Floorplate: 29-68K <i>Under construction</i> McGraw Hill (S&P) (1.0M), GroupM (516K)	㉒ 2020	2 Manhattan West Brookfield Office 3.0M s.f.	Floorplate: TBD <i>Planned</i>	㉘ TBD	5 WTC Port Authority of NY & NJ 1.3M s.f.	Floorplate: 31K <i>Potential</i>

Annual Investment Sales Activity



# OF DEALS	111	78	58	83	165	170	259	346	191	66	136	245	275	223	442	437
VOLUME (\$B)	\$10.3	\$12	\$8.5	\$10	\$15	\$21	\$35	\$48.5	\$19.6	\$3.5	\$12.4	\$25	\$25	\$30.2	\$39.8	\$42.5

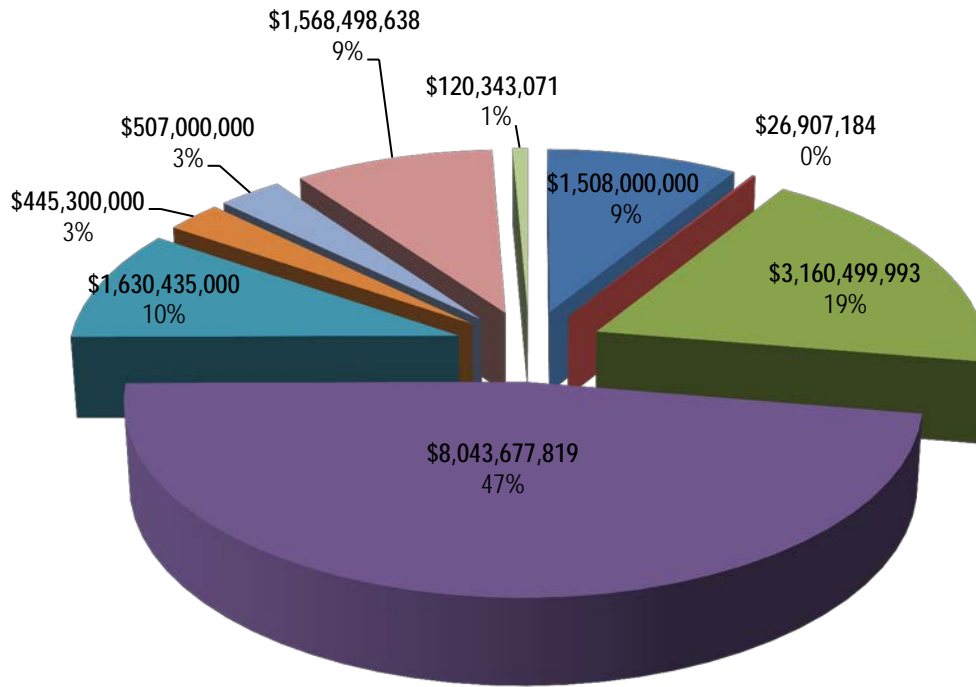
Annual Investment Sales by Investor Profile



Foreign capital continues to increase its participation in the market as the risk adjusted return metrics of NYC real estate outpace other asset classes globally.

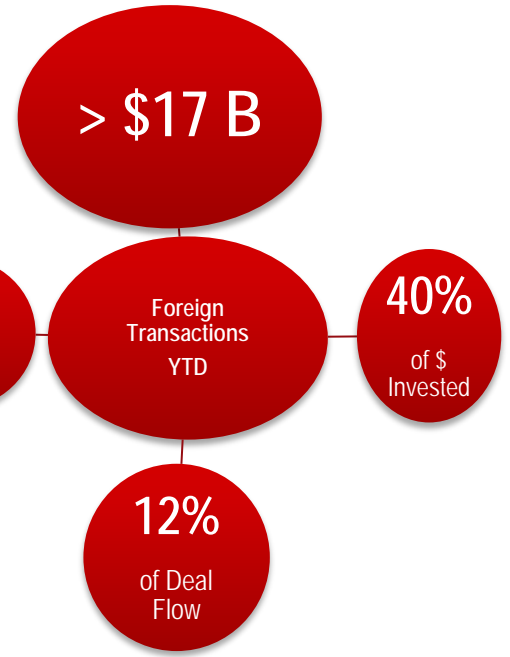
Foreign Capital Inflows

Percent of foreign investment activity by dollar volume

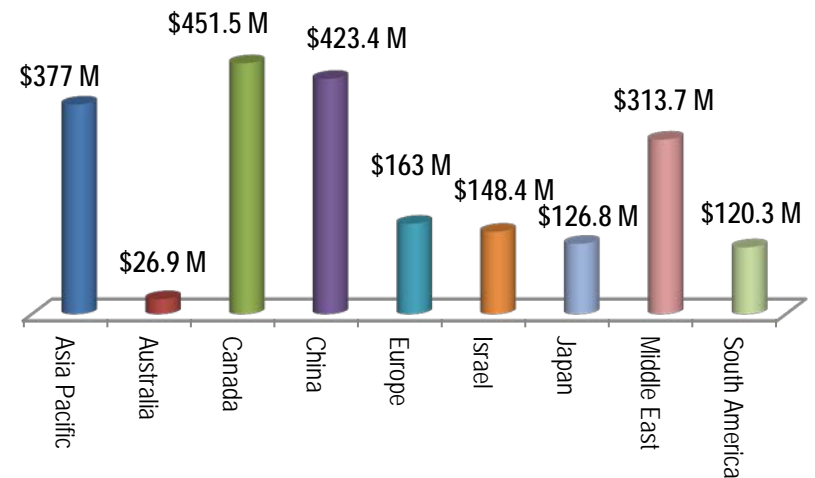


Country and deals per country

- Asia Pacific 4
- Australia 1
- Canada 7
- China 19
- Europe 10
- Israel 3
- Japan 4
- Middle East 5
- South America 1

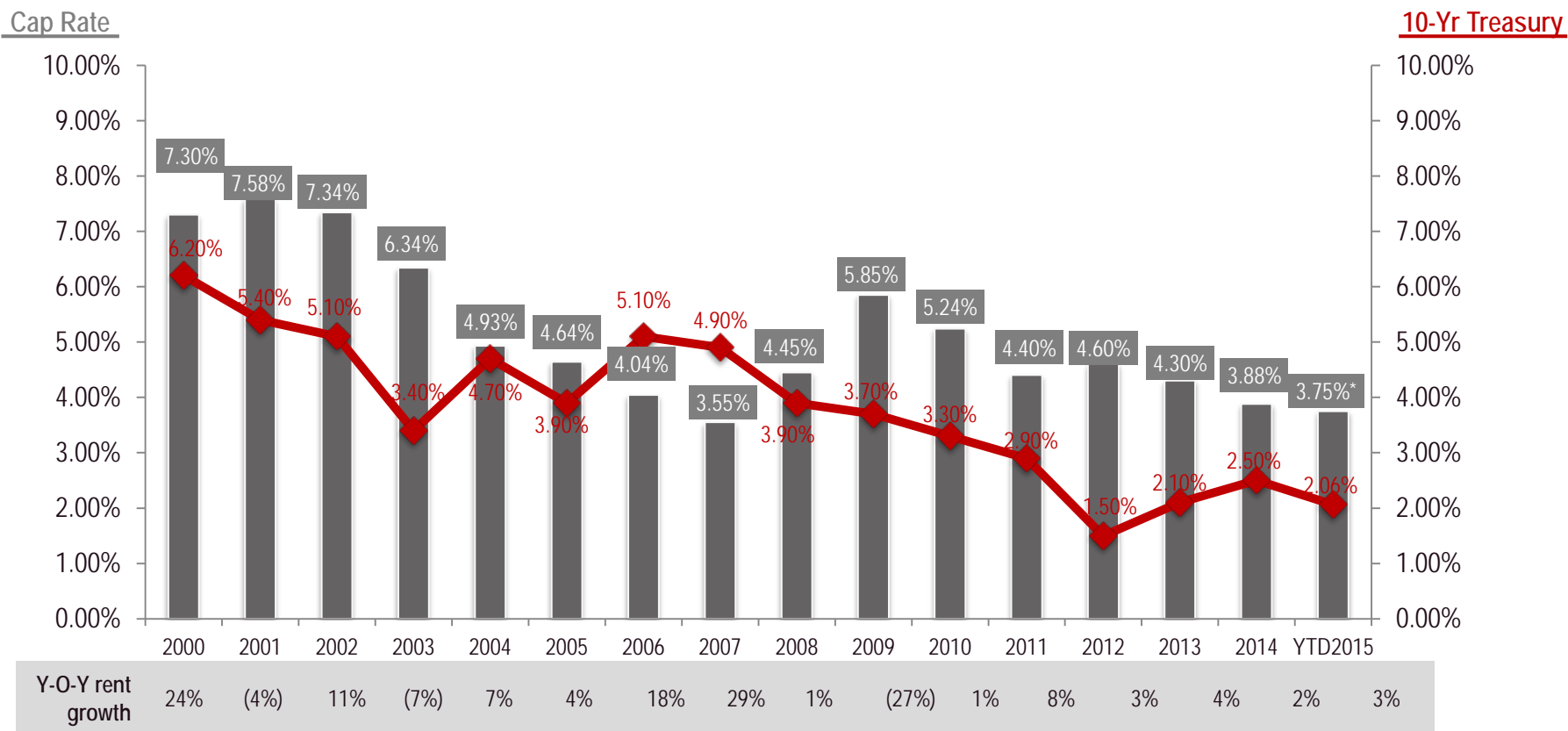


Average Deal Size



Midtown Class A Cap Rates vs Rent Growth & 10-Yr Treasuries

Weighted Average Cap Rates, 2000 – 3Q2015



*Includes Midtown Class A buildings closed Y-T-D 2015.

Note: 10-Yr Treasury as of June for each year (does not include the spread)

Investors are increasingly less sensitive to going-in cap rates as their investment horizon becomes longer. The focus has now shifted to long-term capital appreciation.

Notable Manhattan Transactions

3Q2015



11 Madison Avenue

- Office-A
- 2,286,129 SF
- Seller: CIM Group JV Sapir Organization
- Buyer: SL Green
- \$2,358,766,417
- \$1,032 PSF
- 2.6% going-in cap rate
- 98% occupied
- Office Tenants include Sony, Yelp, CSFB and William Morris.

August 2015



455 Madison Avenue (New York Palace Hotel)

- Hotel
- 899 Keys
- 535,800 SF
- Seller: Northwood Investors
- Buyer: Lotte Group (South Korea)
- \$805,000,000
- \$895,439 Per Key
- \$1,502 PSF
- 34,000 square feet of meeting space and a 94 space parking garage.
- The hotel recently underwent a comprehensive capital improvement program.

August 2015



217-247 West 43rd Street (Office Condominium)

- Office
- 479,000 SF
- Seller: Blackstone Group
- Buyer: Columbia Property Trust
- \$516,000,000
- \$1,077 PSF
- 4.3% going-in cap rate
- 98% occupied
- Office condominium encompasses partial 4th floor and floors 5-16.
- Office tenants include Yahoo, Snapchat and Collective Mongo.

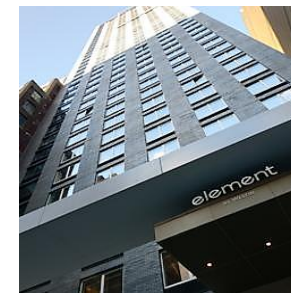
August 2015



460 West 42nd Street (the MiMa Tower floors 50-63)

- Multifamily
- 151 Units
- Seller: Related Companies
- Buyer: KuaFu Properties
- \$260,000,000
- \$1,721,854 Per Unit
- The 151 existing rental units on floors 50-63 of MiMa will be converted to condominiums.

July 2015



311 West 39th Street (Leasehold, the Element Times Square)

- Hotel
- 411 Keys
- 74,060 SF
- Seller: Magna Hospitality JV Greenfield Partners
- Buyer: Ascott Residence Trust
- \$163,500,000
- \$397,810 Per Key
- \$1,885 PSF

August 2015

Notable Manhattan Transactions

3Q2015



690 Madison Avenue

- Retail Condominium
- 6,248 SF
- Seller: Tribeca Holdings
- Buyer: Ashkenazy Acquisitions
- \$125,750,000
- \$20,126 PSF
- 2.7% going-in cap rate
- Hermes occupies the entire retail space through May 2023.

July 2015



113 Spring Street

- Retail and Residential
- 16,298 SF
- Seller: Sitt Asset Management JV Centurion Realty
- Buyer: Morgan Stanley
- \$70,000,000
- \$4,295 PSF
- Retailers include Frye Boots, MAC Cosmetics and Lost Planet.

August 2015



215 West 40th Street

- Office
- 73,426 SF
- Seller: The Heskel Group
- Buyer: Regal Home Collections
- \$52,500,000
- \$715 PSF
- Known as the "Denim Building," major tenants include Revise Clothing, Blue Cast Denim Company and Deja Blue. Shadow Boxers occupies the ground floor.

August 2015



606 West 30th Street

- Land/Development Site
- 30,000 BSF
- Seller: Estate of Anita Buzensky Katzman
- Buyer: Lalezarian Properties
- \$36,000,000
- \$1,200 PBSF
- Located on the south side of West 30th Street between 11th & 12th Avenues.
- Currently zoned for 30,000 BSF, the area is likely to be upzoned.

August 2015



50 Spring Street

- Land/Development Site
- 11,000 BSF
- Seller: DAC Partners
- Buyer: KLM Construction
- \$13,700,000
- \$1,245 PBSF
- Located on the south side of Spring Street between Mulberry & Lafayette Streets.

August 2015

Market Snapshot

- Manhattan Capital Markets
- Manhattan Leasing Market

Overview

New York City's Economy

- After seasonal adjustments, total New York City employment fell slightly during August's summer lull to 4,194,900 jobs from 4,207,800 in July. Still, total employment was elevated 1.6 percent year-over-year. The city's unemployment rate fell by 30 basis points month-over-month to 5.4 percent.
- With the exception of information and manufacturing (which regularly tempers employment gains) every sector posted positive job growth over the last 12 months. In line with previous gains, the education & health sector created the largest number of new jobs in August (+34,200).
- Total U.S. employment increased by 173,000 payrolls in August, which was below the routine additions of 200,000 to 250,000 jobs seen throughout 2015. Office-using industries showed muted growth, representing just 45,000 jobs of August's total.
- New York City's unemployment rate fell to a post-recession low of 5.4 percent in August, nearing parity with the national rate of 5.1 percent.
- NYC's unemployment rate has fallen even though the labor force has grown by 2.0 percent since 2014

Real Estate Trends

- Large-block leases fell by half—six this quarter compared with 12 last quarter (only eight were recorded in 3Q14, so the decline is in parallel with previous summers). In a notable twist, two of the top five leases signed in the quarter were not in Manhattan: WeWork committed to 222K square feet in Brooklyn and Macy's signed for 150K square feet in Long Island City.
- After a strong first half of the year, Midtown large block leasing slowed in the third quarter with only one lease larger than 100,000 square feet signed. Despite the slowdown in the third quarter, Midtown large-block leasing activity is up year-to-date with 21 leases compared to only 18 at this time last year. As a result, Midtown Class A vacancy dropped to 9.8 percent from 10.3 percent in June marking the lowest Midtown Class A vacancy since the third quarter of 2008.
- After a weak first half, Downtown leasing activity improved. Seven of the top nine third quarter deals in Manhattan were signed in the Downtown market, a marked improvement over the previous two quarters when only one of the top 36 deals was signed in Lower Manhattan.

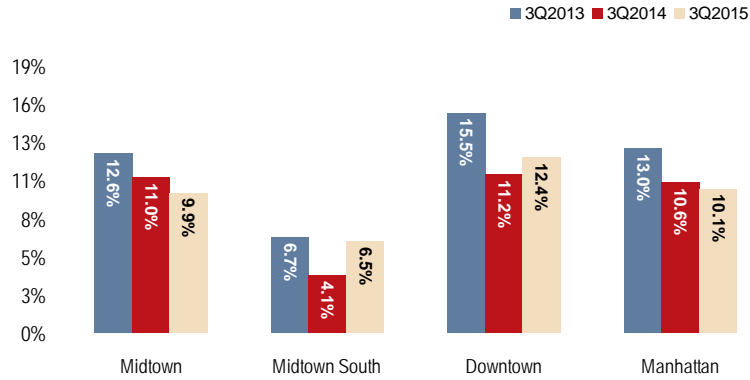
Current Office Market Statistics

3Q2015

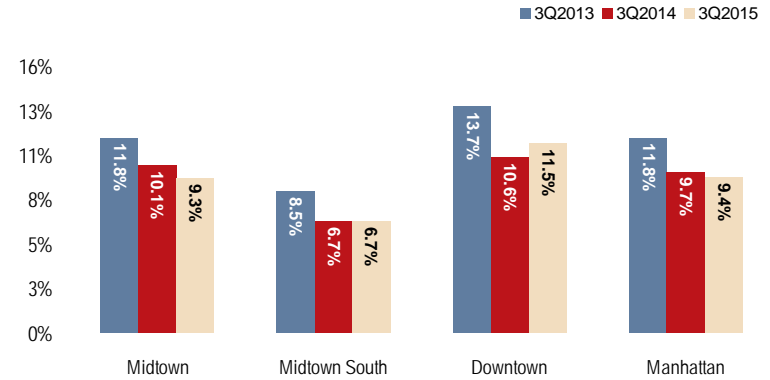
MARKET SEGMENT	INVENTORY (R.S.F.)	VACANCY	ASKING RENT
Midtown Trophy*	72,610,281	7.0%	\$99.66
Midtown Class A	188,461,673	9.8%	\$80.31
Midtown Class B	96,664,951	8.3%	\$55.46
Midtown Overall	285,126,624	9.3%	\$72.90
Downtown Trophy*	32,991,214	17.2%	\$65.86
Downtown Class A	57,896,842	12.4%	\$61.81
Downtown Class B	40,027,480	10.2%	\$47.09
Downtown Overall	97,924,322	11.5%	\$56.53
Midtown South Class A	25,994,294	6.4%	\$79.44
Midtown South Class B	37,728,769	6.9%	\$63.60
Midtown South Overall	63,723,063	6.7%	\$69.80
MANHATTAN OVERALL	446,774,009	9.4%	\$68.17

Yearly Comparison by Major Market

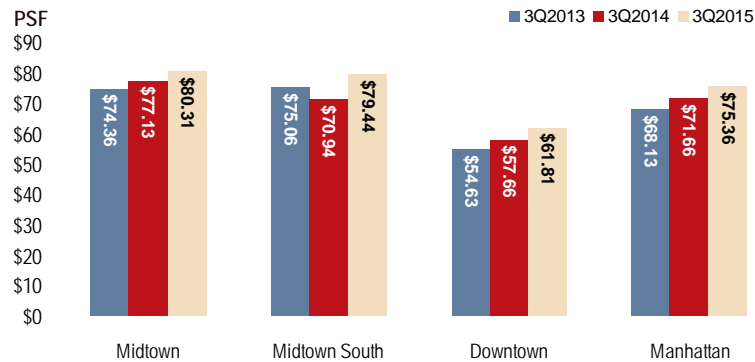
Manhattan Class A Vacancy Rates



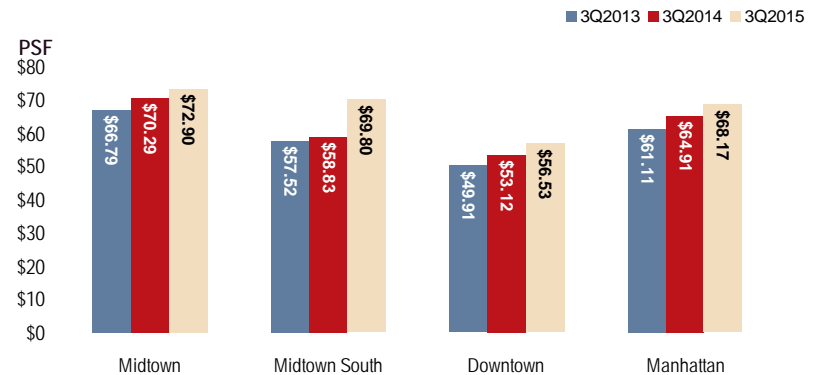
Manhattan Overall Vacancy Rates



Manhattan Class A Asking Rents



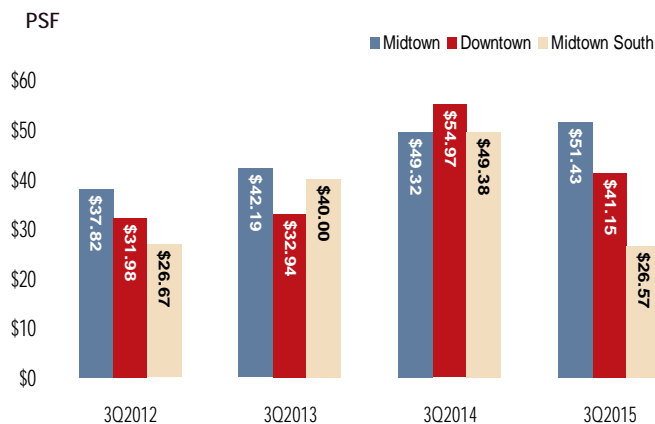
Manhattan Overall Asking Rents



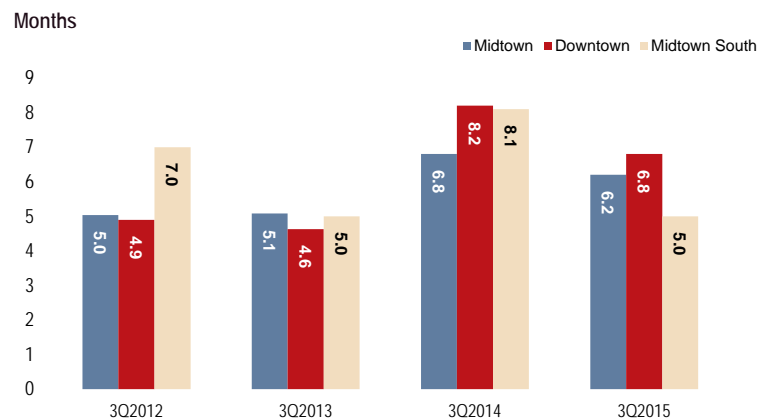
Landlord Concessions by Year

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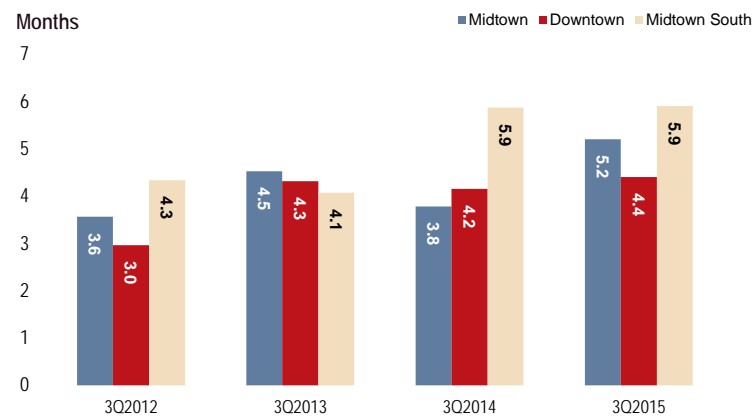
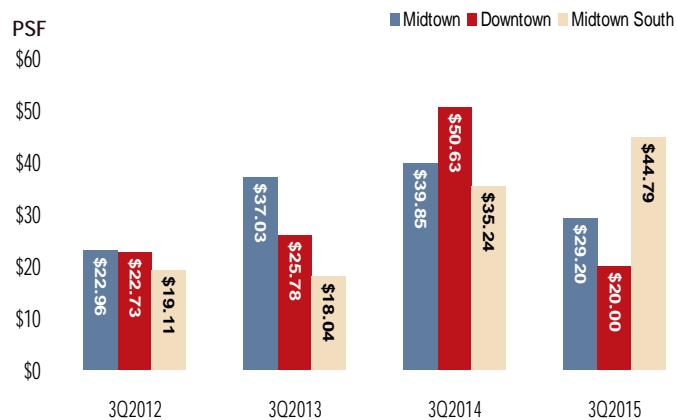
Tenant Improvements



Free Rent



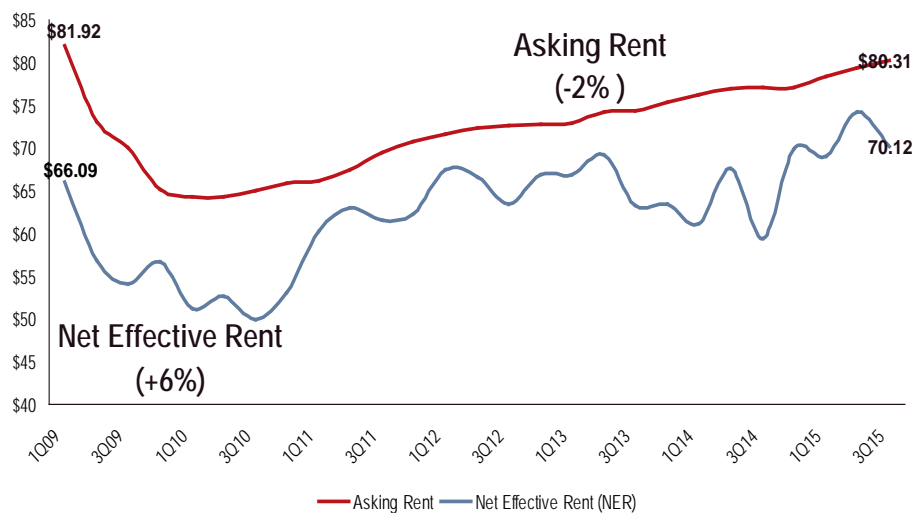
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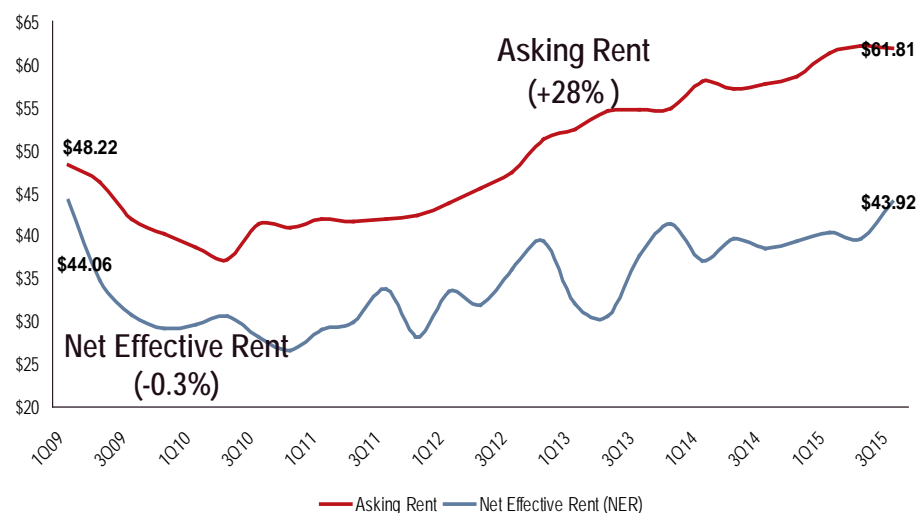
Asking Rent vs. Net Effective Rent

Peak 1Q2009 to 3Q2015 (Direct/Renewal/Expansion)

Midtown - Class A

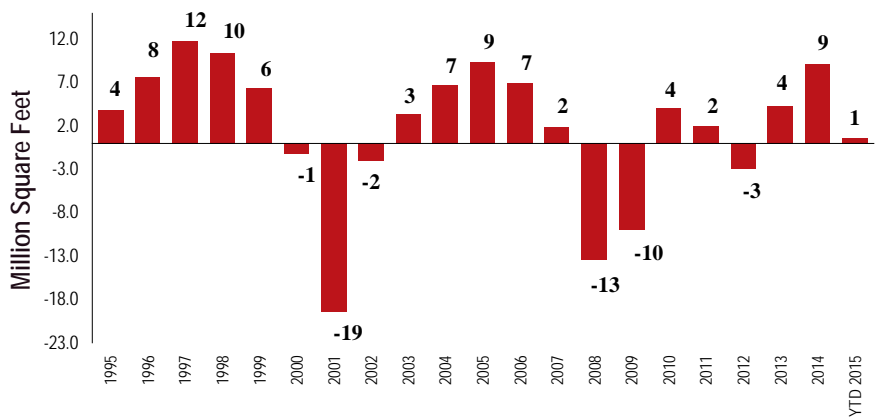


Downtown - Class A

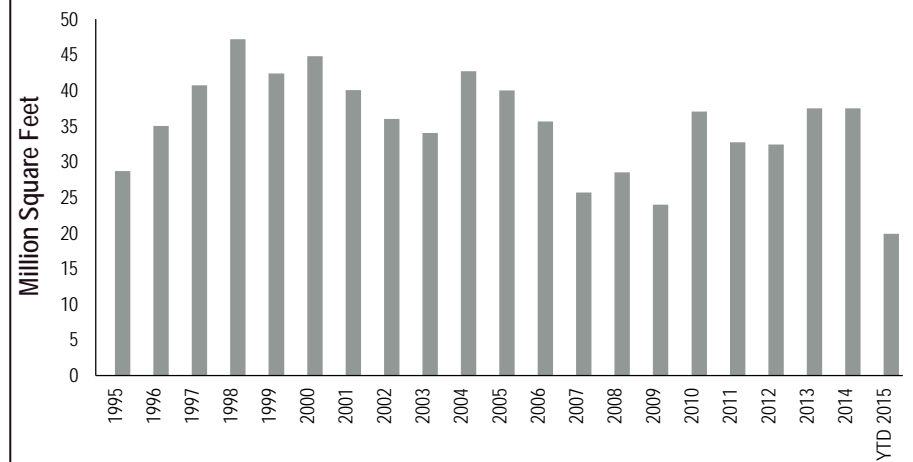


Historical Absorption and Leasing Activity

Absorption (MSF)

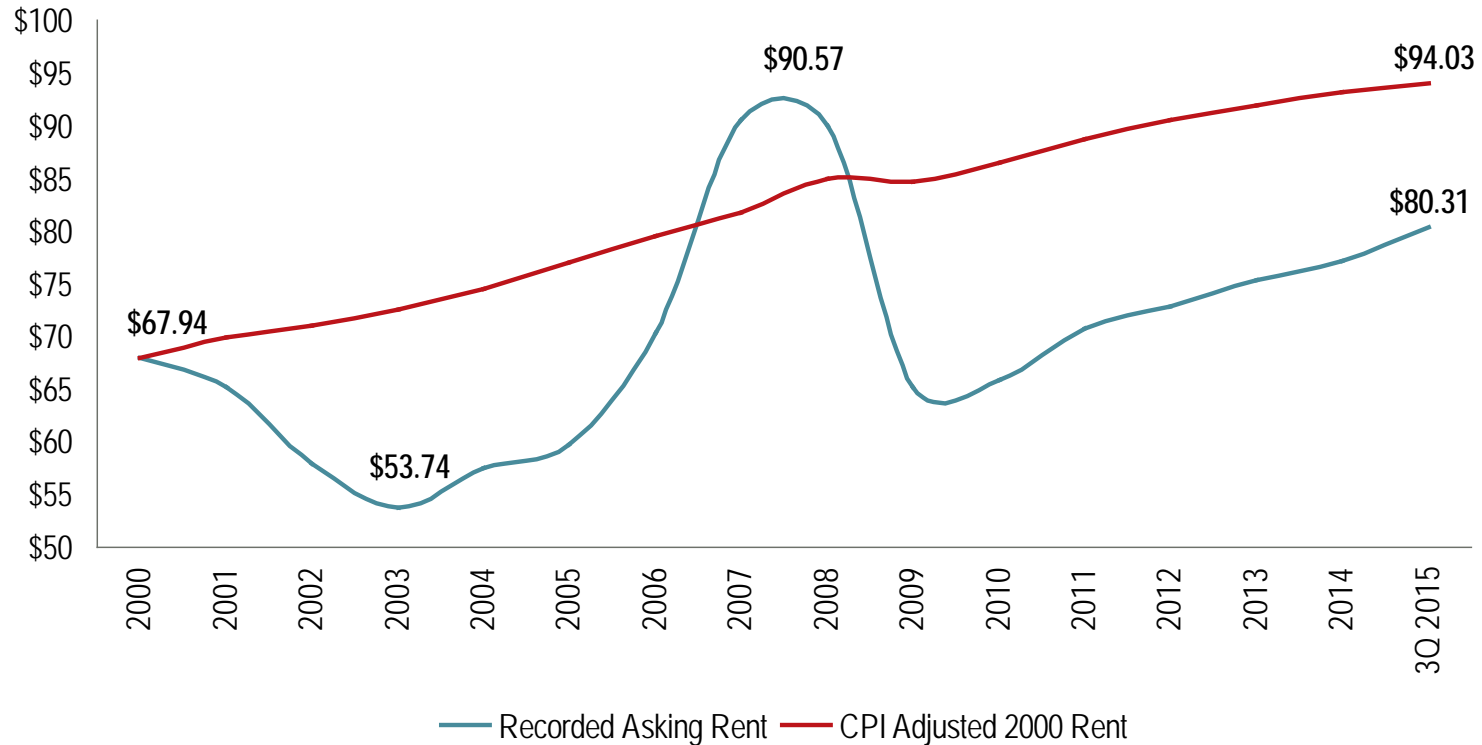


Leasing Activity (MSF)



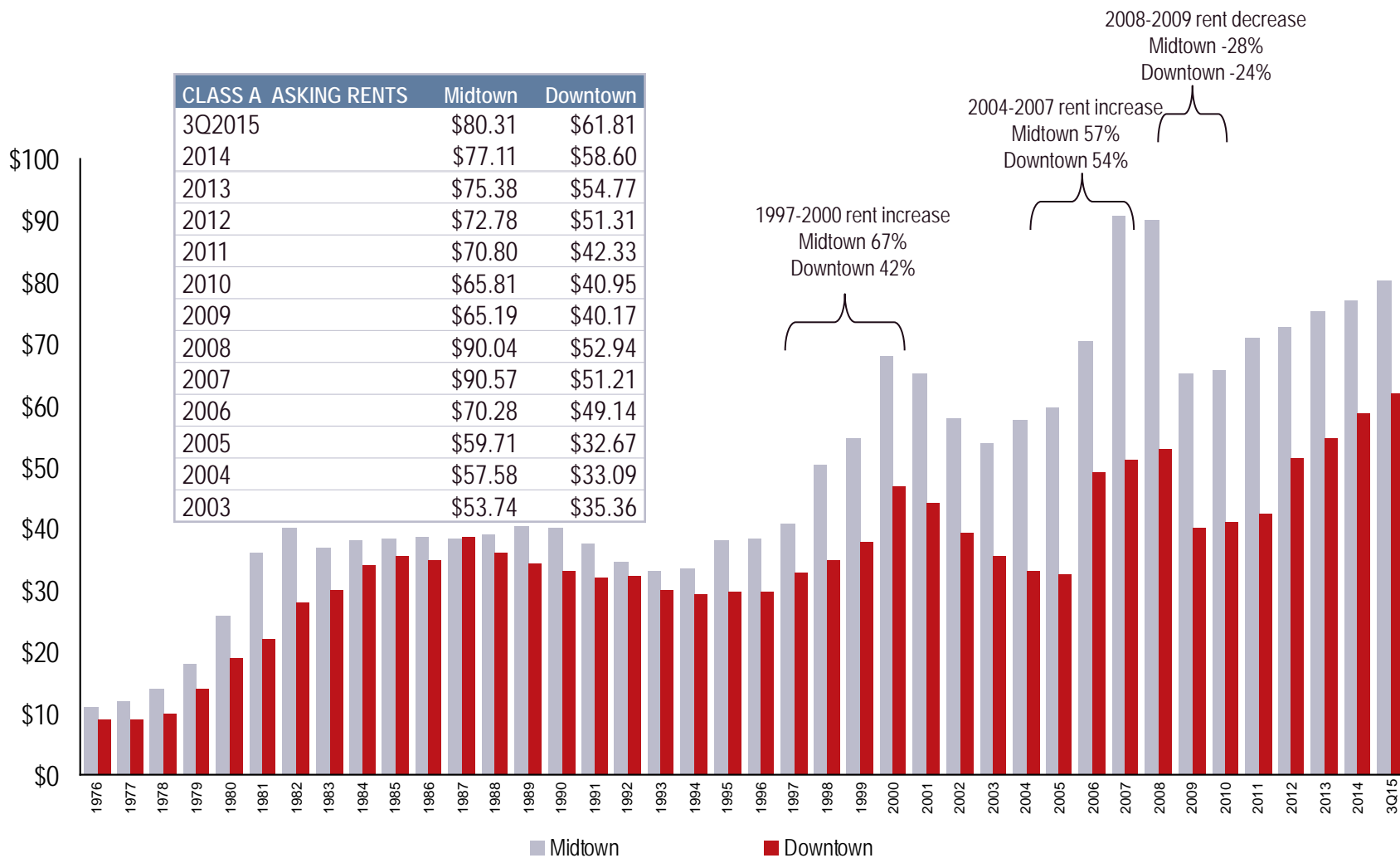
Midtown Class A Asking Rent

Adjusted for Inflation (CPI)



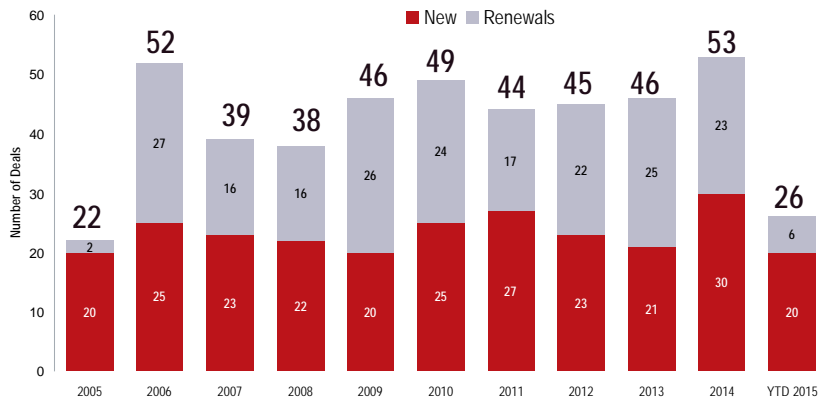
Inflation adjusted rent (from 2000) is 17.1% higher than 3Q2015 asking rents.

Midtown and Downtown – Class A Asking Rents

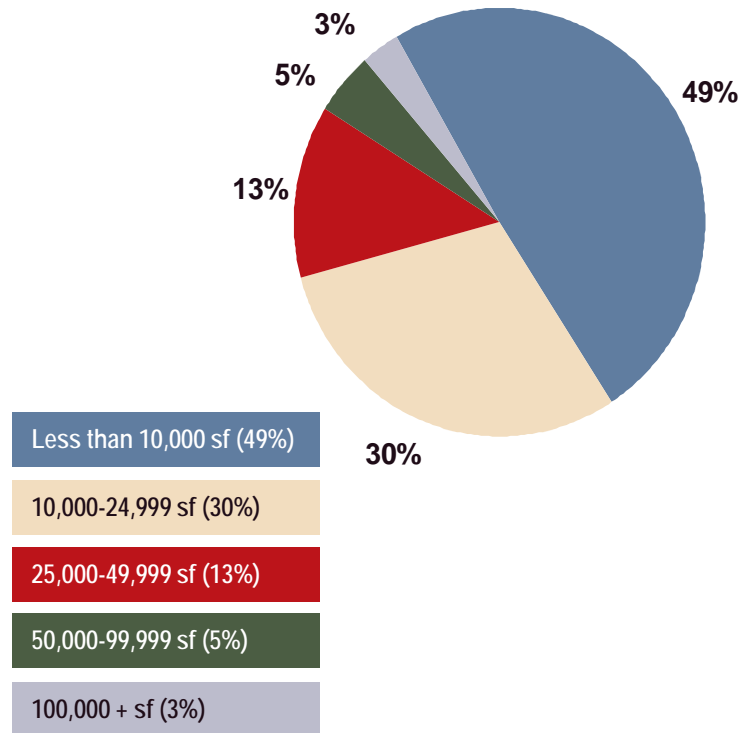


Leasing Activity by Block Size

Manhattan Deals Greater Than 100,000 s.f.
New and Renewal Transactions

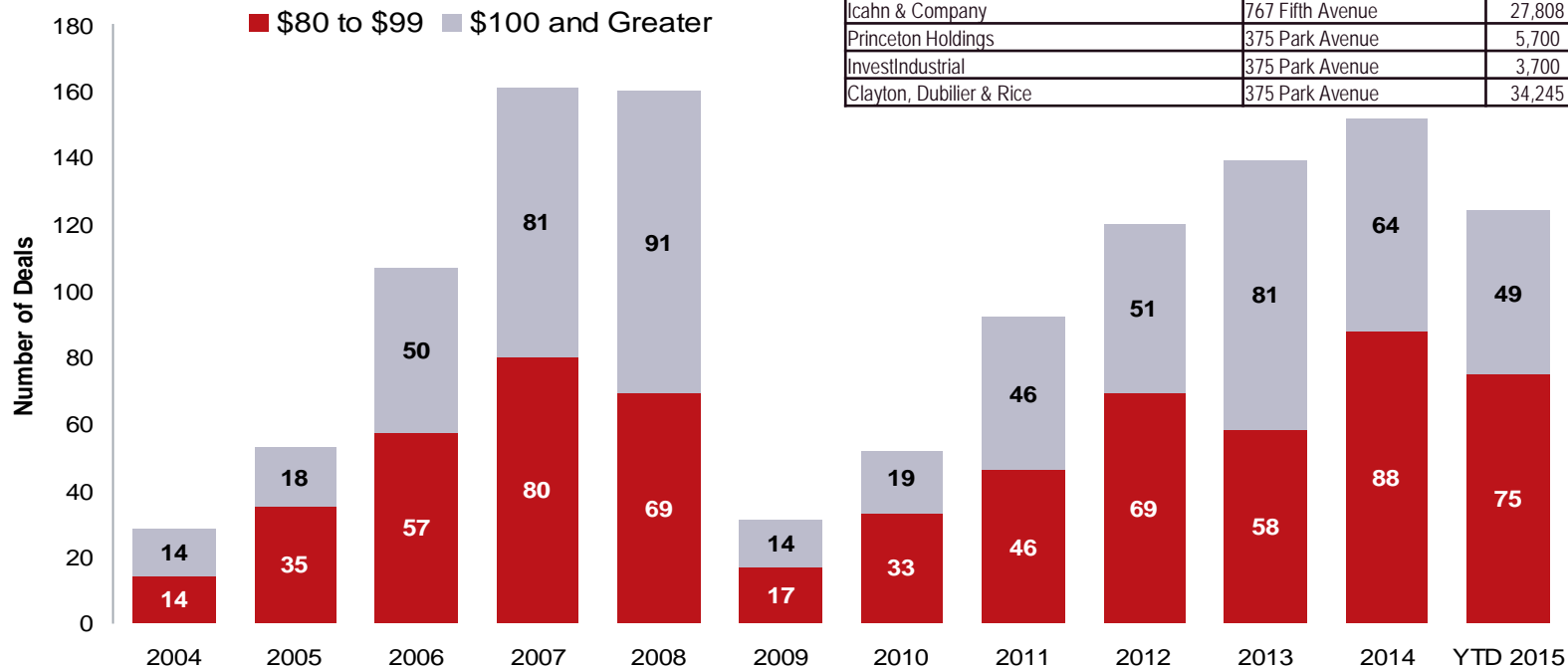


3Q2015 Leasing Activity By Block Size
New and Renewal Transactions (# of deals)



Top-Tier Transactions

Number of deals with starting rents greater than \$80



Top 5 Leases (Rent PSF) 2012 to 2015

Tenant / YTD 2015	Address	S.F.	Starting Rent
Perez-Llorca US LLP	375 Park Avenue	1,927	\$170.00
Berkley Insurance	375 Park Avenue	18,214	\$170.00
Hellman & Friedman	390 Park Avenue	10,726	\$160.00
Clayton Dubilier & Rice	375 Park Avenue	4,746	\$148.00
Centerbridge Partners	375 Park Avenue	48,624	\$145.00
2014			
	Address	S.F.	Starting Rent
Artemus Capital Management	667 Madison Avenue	8,500	\$185.00
Glenview Capital Management	767 Fifth Avenue	41,000	\$185.00
Icahn Enterprises	767 Fifth Avenue	43,000	\$180.00
Berkley Insurance Company	375 Park Avenue	7,187	\$165.00
Tenantwise	375 Park Avenue	1,927	\$163.00
2013			
	Address	S.F.	Starting Rent
Banco Itau	767 Fifth Avenue	16,000	\$195.00
Fintech	375 Park Avenue	6,375	\$163.00
Temasek	375 Park Avenue	16,979	\$160.00
SPG Partners	667 Madison Avenue	14,250	\$150.00
Wellspring Capital Management LLC	390 Park Avenue	10,726	\$150.00
2012			
	Address	S.F.	Starting Rent
SSC	9 W 57 th Street	5,200	\$185.00
Icahn & Company	767 Fifth Avenue	27,808	\$178.00
Princeton Holdings	375 Park Avenue	5,700	\$140.00
InvestIndustrial	375 Park Avenue	3,700	\$140.00
Clayton, Dubilier & Rice	375 Park Avenue	34,245	\$136.00

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